

PART 691--PRESIDENTIAL ACCESS SCHOLARSHIP PROGRAM

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Authority: 20 U.S.C. 1070a-31 et seq.

Subpart A--General

Sec. 691.1 Scope and purpose.

The purposes of the Presidential Access Scholarship (PAS) Program are to encourage students to

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finish high school and attend college and to upgrade the course of study completed by high school graduates who are from low - or moderate-income families.

(Authority: 20 U.S.C. 1070a-31)

Sec. 691.2 General definitions.

(a) Definitions of the following terms used in this part are described in subpart A of the regulations for Institutional Eligibility under the Higher Education Act of 1965, as amended, 34 CFR part 600: Accredited Award year, Clock hour program, Correspondence course, Educational program, Eligible institution, Recognized equivalent of high school diploma, Regular Student, Secretary, and State.

(b) Definitions of the following terms used in this part are described in subpart A of the Student Assistance General Provisions, 34 CFR part 668: Academic year, Enrolled, Federal Pell Grant Program, Full-time student, and HEA.

(c) Other terms used in this part are:

Central processor: An organization under contract with the Secretary that calculates an applicant's expected family contribution based on the applicant's application data, transmits an ISIR to each of the institutions designated by the applicant, and submits reports to the Secretary on the correctness of its computations of the expected family contribution amounts and the accuracy of the answers to questions on application forms for the previous award year cycle.

Disbursement Schedule: A table showing the annual awards that three-quarter, half-time, and less-than-half-time students at term-based institutions using credit hours would receive for an academic year. This table is published annually by the Secretary and is based on--

(1) A student's expected family contribution, as determined in accordance with title IV, part F of the HEA; and

(2) A student's attendance costs as defined in title IV, part F of the HEA.

Electronic Data Exchange: An electronic exchange system between the central processor and an institution under which--

(1) A student is able to transmit his or her application information to the central processor through his or her institution and an ISIR is transmitted back to the institution;

(2) The student through his or her institution is able to transmit any changes in application information to the central processor; and

(3) The institution receives an ISIR from the central processor for that student.

Eligible early-intervention program: A program as required under Sec. 691.16(a)(5) that provides education-related activities such as counseling, mentoring, academic support, outreach, and other supportive services, including providing information on opportunities for postsecondary financial aid, to students enrolled in preschool through grade 12. To qualify, a program must be one of the following:

(1) A Talent Search project as described in 34 CFR part 643 and authorized under section 402B of the HEA, as amended;

(2) An Upward Bound project as described in 34 CFR part 645 and authorized under section 402C of the HEA, as amended;

(3) An Opportunity Center as described in 34 CFR part 644 and authorized under section 402F of the HEA, as amended; or

(4) A National Early Intervention Scholarship and Partnership Program as authorized under section 404A of the HEA, as amended; or

(5) A program that is certified as an honors scholars program by the Governor of the State in which it is offered and that the Governor determines meets comparable requirements for any program funded under 34 CFR parts 643, 644, 645, or section 404A of the HEA.

Expected family contribution (EFC): The amount which the student and the student's family may be reasonably expected to contribute toward the student's postsecondary education for the academic year.

Half-time student: (1) Except as provided in paragraph (2) of this definition, an enrolled student who is carrying a half-time academic work load--as determined by the institution--that amounts to at least half the work load of the appropriate minimum requirement outlined in the institution's definition of a full-time student.

(2) A student enrolled solely in a program of study by correspondence who is carrying a work load of at least 12 hours of work per week or is earning at least 6 credit hours per semester, trimester, or quarter. However, regardless of the workload, no student enrolled solely in correspondence study is considered more than a half-time student.

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Honors scholars program: A program designed to encourage a high level of academic achievement from students who are enrolled in the program.

Institutional Student Information Record (ISIR): A paper document or a computer-generated electronic record that the central processor transmits to an institution that includes an applicant's--

(1) Personal identification information;

(2) Application data used to calculate the applicant's EFC; and

(3) EFC calculated by the central processor.

Less-than-half-time student: An enrolled student who is carrying less than half the work load of the appropriate minimum requirement outlined in the institution's definition of a full-time student.

Payment Schedule: A table showing a full-time student's Scheduled PAS Award for an academic year. This table is published annually by the Secretary.

Payment Voucher: An electronic or magnetic record, or for the 1995-96 award year a paper record, that is provided to the Secretary by an institution showing a student's expected family contribution, cost of attendance, enrollment status, and student disbursement information.

Scheduled Presidential Access Scholarship: The amount of a PAS that would be paid to a full-time student for a full academic year. This table, published annually by the Secretary, is based on--

(1) The student's expected family contribution, as determined in accordance with part F of title IV of the HEA; and

(2) The student's cost of attendance as defined in part F of title IV of the HEA.

Student Aid Report (SAR): A report provided to an applicant showing the amount of his or her expected family contribution.

Three-quarter-time student: An enrolled student who is carrying a three-quarter-time academic work load--as determined by the institution--that amounts to at least three-quarters of the work of the appropriate minimum requirement outlined in the definition of a "full-time student."

Undergraduate student: A student enrolled in an undergraduate course of study at an institution of higher education who--

(1) Has not earned a baccalaureate or first professional degree; and

(2) Is in an undergraduate course of study that usually does not exceed 4 academic years or is enrolled in a 4 to 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student only for the first 4 academic years of that program.

Valid Institutional Student Information Record (valid ISIR): An ISIR on which all the information used in calculating the applicant's expected family contribution is accurate and complete as of the date the application is signed.

Valid Student Aid Report: A Student Aid Report on which all of the information used in calculating the applicant's expected family contribution is accurate and complete as of the date the application is signed.

(Authority: 20 U.S.C. 1070a-31 et seq.)

Sec. 691.3 Payment period.

(a) Payment period for an eligible program that has academic terms:

(1) Except as noted in paragraph (a)(2) of this section, for an eligible program that uses semesters, trimesters, quarters, or other academic terms, the payment period is the semester, trimester, quarter, or other academic term.

(2) For an eligible program that uses semesters, trimesters, quarters, or other academic terms and measures progress in clock hours--

(i) A payment period is a semester, trimester, quarter, or other academic term if the student completes all the clock hours scheduled for that term;

(ii) If at the end of a term, the student has not completed all of the clock hours scheduled for that term and the student has received a PAS for that term, the payment period extends beyond that term for as long as it takes the student to complete the number of clock hours originally scheduled for that term; and

(iii) If a payment period extends into another term, the next payment period consists of the number of clock hours scheduled for that term that were not included in the previous payment period.

(b) Payment periods for an eligible program that does not have academic terms:

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(1) For a student whose eligible program is one academic year or less--

(i) The first payment period is the period of time in which the student completes the first half of his or her program as measured in credit or clock hours; and

(ii) The second payment period is the period of time in which the student completes the second half of his or her program as measured in credit or clock hours; or

(2) For a student whose eligible program is more than one academic year--

(i) For the first academic year, the first payment period is the period of time in which the student completes the first half of his or her academic year as measured in credit or clock hours, and the second payment period is the period of time in which the student completes the second half of that academic year.

(ii) For subsequent academic years, each payment period is the period of time in which the student first completes--

(A) One half of the academic year; or

(B) The remainder of the student's program.

(3) For purposes of paragraphs (b)(1) and (b)(2) of this section at an institution measuring progress in credits hours, if a student cannot earn half of his or her credits in the program under paragraph (b)(1) of this section or the academic year under paragraph (b)(2) of this section until after the midpoint between the first and last scheduled days of class, the student is considered to begin his or her second payment period on the later of--

(i) The calendar midpoint between the first and last scheduled days of class of the program or academic year; or

(ii) The date, as determined by institution, that the student has completed half of his or her academic coursework.

(4) If an institution chooses to have more than two payment periods in an academic year, the rules in paragraphs (b)(1) through (b)(3) of this section are modified to reflect the increased number of payment periods. For example, if an institution chooses to have three payment periods in an academic year, each payment period must correspond to one-third of the academic year.

(Authority: 20 U.S.C. 1070a-32)

Secs. 691.4-691.5 [Reserved]

Sec. 691.6 Duration of student eligibility.

A scholarship under the PAS Program shall be awarded to a student for a period of--

(a) Not more than 4 academic years; or

(b) Not more than 5 academic years in the case of a student who is enrolled in an undergraduate course of study requiring attendance for the full-time equivalent of 5 academic years.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.7 Institutional participation.

(a)(1) An institution of higher education is eligible to award scholarships for the PAS Program if it--

(i) Meets the appropriate definition set forth in section 481 of the HEA ;

(ii) Enters into a program participation agreement with the Secretary; and

(iii) Complies with that agreement and with the applicable provisions of this part and 34 CFR part 668.

(2) If an institution begins participation in the PAS Program during an award year, a student enrolled in and attending that institution is eligible to receive a PAS for the payment period during which the institution enters into a program participation agreement with the Secretary and any subsequent payment period.

(b) If an institution becomes ineligible to participate in the PAS Program during an award year, an eligible student who was attending the institution and who submitted a valid SAR to the institution or whose institution received a valid ISIR from the U.S. Department of Education before the date the institution became ineligible is paid a PAS for that award year for--

(1) The payment periods that the student completed before the institution became ineligible; and

(2) The payment period in which the institution became ineligible.

(c) An institution that becomes ineligible shall, within 45 days after the effective date of loss of eligibility, provide to the Secretary--

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(1) The name and enrollment status of each eligible student who, during the award year, received a PAS at the institution before it became ineligible;

(2) The amount of funds paid to each PAS recipient for that award year;

(3) The amount due each student eligible to receive a PAS through the end of the payment period during which the institution became ineligible; and

(4) An accounting of the PAS expenditures for that award year to the date of ineligibility.

(Authority: 20 U.S.C. 1070a-32)

(Approved by the Office of Management and Budget under control number 1840-0681)

Sec. 691.8 Enrollment status for students taking regular and correspondence courses.

(a) If, in addition to regular coursework, a student takes correspondence courses from either his or her own institution or another institution having an agreement for this purpose with the student's institution, the correspondence work may be included in determining the student's enrollment status to the extent permitted under paragraph (b) of this section.

(b) Except as noted in paragraph (c) of this section, the correspondence work that may be included in determining a student's enrollment status is that amount of work which--

(1) Applies toward a student's degree or certificate;

(2) Is completed within the period of time required for regular course work; and

(3) Does not exceed the amount of a student's regular course work for the payment period for which the student's enrollment status is being calculated.

(c)(1) Notwithstanding the limitation in paragraph (b)(3) of this section, a student who would be a half-time student based solely on his or her correspondence work is considered a half-time student unless the calculation in paragraph (b) of this section produces an enrollment status greater than half-time.

(2) A student who would be a less-than-half-time student based solely on his or her correspondence work or a combination of correspondence work and regular course work is considered a less-than-half-time student.

(d) The following chart provides examples of the rules set forth in this section. It assumes that the institution defines full-time enrollment as 12 credits per term, making the half-time enrollment equal to 6 credits per term.

| Under Sec. 691.8 | No. of credit hours regular work | No. of credit hours correspondence | Total course load in credit hours to determine Enrollment status | Enrollment status |
|------------------|----------------------------------|------------------------------------|--|----------------------|
| (b)(3) | 3 | 3 | 6 | Half-time. |
| (b)(3) | 3 | 6 | 6 | Half-time. |
| (b)(3) | 3 | 9 | 6 | Half-time. |
| (b)(3) | 6 | 3 | 9 | Three-quarter time. |
| (b)(3) | 6 | 6 | 12 | Full-time. |
| (b)(3)&(c) | 2 | 6 | 6 | Half-time. |
| (c) ¹ | ... | ... | ... | Less-than-half-time. |

¹ Any combination of regular and correspondence work that is greater than 0, but less than 6 hours.

(Authority: 20 U.S.C. 1070a-32)

(Approved by the Office of Management and Budget under control number 1840-0681)

Sec. 691.9 Written agreements between two or more eligible institutions.

(a) A student who is enrolled in an eligible program at one eligible institution and taking courses at one or more other eligible institutions that apply toward his or her degree or certificate at the first institution may receive a PAS for attendance at both institutions only if there is a written agreement between the institutions.

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(b) The institution at which the student is enrolled and expects to receive his or her degree or certificate shall determine and pay the student's PAS. However, the other institution may determine and pay the student's PAS if the institutions agree in writing to that arrangement.

(c) The institution that determines and pays the PAS shall--

(1) Take into account all courses that apply to the student's degree or certificate taken by the student at each eligible institution participating in the agreement when determining the student's enrollment status and cost of attendance; and

(2) Maintain all records regarding the student's eligibility for and receipt of the PAS.
(Authority: 20 U.S.C. 1070a-32)

(Approved by the Office of Management and Budget under control number 1840-0681)

Sec. 691.10 [Reserved]

Sec. 691.11 Payments from more than one institution.

A student is not entitled to receive PAS Program payments concurrently from more than one institution or from the Secretary and an institution.

(Authority: 20 U.S.C. 1070a-32)

Subpart B--Application Procedures and Eligibility Requirements

Sec. 691.12 The application process.

Each eligible student desiring to apply for a PAS shall--

(a) Submit annually an application to the Secretary on the same approved form and at the same time the student applies for a Federal Pell Grant;

(b) Provide the application to the Secretary within the time frame required to apply for a Federal Pell Grant; and

(c) Provide such information as is required to apply for a Federal Pell Grant.

(Authority: 20 U.S.C. 1070a-33)

Secs. 691.13-691.14 [Reserved]

Sec. 691.15 Eligibility to apply initially for a scholarship.

A student is eligible to apply for a PAS for his or her first year of postsecondary study if the student--

(a) Is scheduled to graduate from or is a graduate of a public or private secondary school, or has the equivalent of a high school diploma as recognized by the State in which the eligible student resides, but has not yet received a baccalaureate degree; and

(b) Is either enrolled, accepted for enrollment, or intends to enroll, at an institution of higher education not later than 3 calendar years after the date that the student graduates from secondary school or obtains the recognized equivalent of a high school diploma.

(Authority: 20 U.S.C. 1070a-35)

Sec. 691.16 Eligibility requirements to receive an award.

(a) A student is eligible to receive a PAS for his or her first year of postsecondary study if the student--

(1) Is eligible to receive a Federal Pell Grant in the award year in which the PAS is awarded;

(2) Is enrolled or accepted for enrollment in a degree or certificate program of at least 2 years in length;

(3) Has demonstrated academic achievement and preparation for postsecondary education by taking the following college preparatory level coursework that includes at least--

(i) Four years of English;

(ii) Three years of science;

(iii) Three years of mathematics;

(iv) Either--

(A) Three years of history; or

(B) Two years of history and one year of social studies; and

(v) Either--

(A) Two years of foreign language; or

(B) One year of computer science and 1 year of foreign language;

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(4) Has earned a grade point average of 2.5 or higher, on a scale of 4.0, in the final 2 years of high school; and

(5) Has either (i) participated for a minimum period of 36 months in an eligible early-intervention program; or

(ii) Ranked in the top 10 percent, by grade point average, of the student's secondary school graduating class.

(b) Notwithstanding the requirements in paragraph (a)(5) of this section, a student may receive a PAS if an authorized official of the State in which the student resides certifies to the Secretary that the student was unable to participate in an eligible early-intervention program because--

(1) The program was not available in the area where the student resides; or

(2) Due to unusual and exceptional circumstances, the student was unable to participate in such a program.

(c) Notwithstanding the requirements in paragraph (a)(3) of this section, a student may receive a PAS if the student's secondary school does not offer the necessary coursework required in paragraph (a)(3) of this section, and the student has completed the required coursework at another local secondary school or at a community college.

(d) Notwithstanding the requirements in paragraph (a)(3)(v) of this section, a student may receive a PAS if the student is--

(1) Fluent in a language other than English and participates in a program to learn English; or

(2) An English-speaking student who is fluent in a second language.

(Authority: 20 U.S.C. 1070a-33, 1070a-35, 1070a-36(c))

Sec. 691.17 Eligibility requirements to continue to receive an award.

(a) To be eligible to continue to receive a PAS after the first year of postsecondary study, a student shall--

(1) Continue to meet the eligibility requirements in Sec. 691.16(a)(1) and (2); and

(2) Fulfill the requirements for satisfactory academic progress as described in 34 CFR in 668.7(c) (the Student Assistance General Provisions regulations) and section 484(c) of the HEA.

(b) If a student ceases to be eligible for a PAS because he or she is no longer eligible for a Federal Pell Grant, the student can later regain eligibility to receive a PAS at the time he or she qualifies for a Federal Pell Grant.

(Authority: 20 U.S.C. 1070a-33)

Subparts C through E--[Reserved]

Subpart F--Determination of Awards

Sec. 691.61 Disbursement conditions and deadlines.

(a) *Submission process.* An institution makes a disbursement of a PAS to a student only if--

(1) The student submits a valid SAR to the institution; or

(2) The institution obtains a valid ISIR for that student; and

(3)(i) The student presents a certificate issued by an appropriate official of a high school in a State verifying that the student has completed the necessary coursework to qualify for a PAS; or

(ii) The student presents written documentation that he or she has participated in an approved eligible early-intervention program for at least 36 months or qualifies for an exception under Secs. 691.16(b).

(4) In determining a student's eligibility to receive his or her Federal Pell Grant, an institution is entitled to rely on valid SAR information or valid ISIR information except under the conditions set forth in 34 CFR 668.14(f) and 668.60.

(b) *Student Aid Report or Institutional Student Information Record deadline.* Except as provided in 34 CFR 668.60, for a student to receive a PAS award for an award year, the student must submit the relevant parts of the SAR to his or her institution or the institution must obtain a valid ISIR--

(1) While the student is still enrolled and eligible for payment at that institution; and

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(2) By June 30 of that award year.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.62 Calculation of a Presidential Access Scholarship Program award.

The amount of a student's PAS for an academic year is equal to 25 percent of the student's Federal Pell Grant awarded for that academic year as determined under 34 CFR 690.62 except that--

(a) If funding in a fiscal year is sufficient to fund fully all eligible student awards in that academic year, no payment shall be made to a full-time student of less than \$400 for an academic year, independent of the amount of the Federal Pell Grant.

(b) If funding is insufficient to fund fully all eligible students, the Secretary reduces each student's award in proportion to the amount that the PAS Program is not fully funded.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.63 Calculation of a Presidential Access Scholarship for a payment period.

For an eligible student enrolled in an institution of higher education in an eligible program, the student's PAS for each payment period is calculated by--

(a) Determining his or her total PAS award in accordance with Sec. 691.62; and

(b) Determining the amount of each payment based on the payment amount for a Federal Pell Grant as calculated in accordance with Sec. 690.63.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.64 Calculation of a Presidential Access Scholarship for a payment period that occurs in 2 award years.

(a) If a student enrolls in a payment period that is scheduled to occur in 2 award years--

(1) The entire payment period must be considered to occur within 1 award year.

(2) The institution shall determine for each PAS recipient the award year in which the payment period will be placed subject to the restrictions set forth in paragraph (a)(3) of this section.

(3) The institution shall place a payment period with more than 6 months scheduled to occur within 1 award year in that award year.

(4) If an institution places the payment period in the first award year, it shall pay a student with funds from the first award year.

(5) If an institution places the payment period in the second award year, it shall pay a student with funds from the second award year.

(b) An institution may not make a payment that will result in the student receiving more than his or her Scheduled PAS for an award year.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.65 Transfer student: attendance at more than one institution during an award year.

(a) If a student who receives a PAS at one institution subsequently enrolls at a second institution in the same award year, the student may receive a PAS at the second institution only if--

(1) The student has submitted a valid SAR; or

(2) The second institution participates in the Secretary's electronic programs to report Federal Pell Grant disbursement data electronically to the Secretary and the second institution has obtained a valid ISIR, in which case the institution shall use the information from the valid ISIR to determine the amount of the student's award. (The institution shall follow the procedures set forth in 34 CFR 668.19 relating to financial aid transcripts.)

(b) The second institution shall calculate the student's award according to Sec. 691.63.

(c) The second institution may pay a PAS only for that portion of the award year in which a student is enrolled at that institution. The scholarship amount must be adjusted, if necessary, to ensure that the scholarship award does not exceed the percentage of the award remaining from the student's first institution for that award year.

(d) If a student's PAS award at the second institution differs from the Scheduled PAS Award at the first institution, the award amount at the second institution is calculated as follows--

(1) The amount received at the first institution is compared to the PAS award at the first institution to determine the percentage of the PAS award that the student has received.

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(2) The percentage in paragraph (d)(1) of this section is subtracted from 100 percent.

(3) The remaining percentage is the percentage of the Scheduled PAS award at the second institution to which the student is entitled.

(e) The student's PAS award for each payment period is calculated according to the procedures in Sec. 691.63, unless the remaining percentage of the Scheduled PAS at the second institution, referred to in paragraph (d)(3) of this section, is less than the amount the student would normally receive for that payment period. In that case, the student's PAS is equal to the remaining percentage.

(f) A transfer student shall repay any amount received in an award year which exceeds his or her Scheduled PAS.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.66 Correspondence study.

For an eligible student enrolled in an institution of higher education in an eligible program of correspondence study, the student's PAS for each payment period is calculated by--

(a) Determining his or her total PAS award in accordance with Sec. 691.62; and

(b) Determining the amount of each payment based on the payment amount for a Federal Pell Grant as calculated in accordance with Sec. 690.66.

(Authority: 20 U.S.C. 1070a-32)

Subpart G--Institutional Administration

Sec. 691.71 Scope.

This subpart deals with program administration by an institution of higher education. An institution shall enter into a program participation agreement with the Secretary so that it may calculate and pay PAS awards to students.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.72 Institutional participation agreement.

The Secretary may enter into an agreement with an institution of higher education pursuant to which the

institution will calculate and pay PAS awards to its students.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.73 Termination of institutional participation agreement.

When an institution is terminated under 34 CFR 668.86, the institution shall provide the following information to the Secretary--

(a) The name and enrollment status of each eligible student who submitted a valid SAR or for whom the institution received a valid ISIR before the termination date.

(b) The amount of funds the institution paid to each PAS recipient before the termination date.

(c) The amount due each student eligible to receive a PAS through the end of the award year.

(d) An accounting of PAS expenditures to the date of termination.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.74 [Reserved]

Sec. 691.75 Determination of eligibility for payment.

(a) For each payment period, an institution may pay a PAS to an eligible student only after it determines that the financial aid transcript requirements of 34 CFR 668.19 have been met, and the student--

(1) Qualifies as eligible to receive a Federal Pell Grant and as an eligible student under Secs. 691.16 or 691.17 for a continuing student;

(2) Is enrolled as an undergraduate student; and

(3)(i) Has completed required clock hours for which he or she has been paid a PAS, if the student is enrolled in an eligible program that is measured in clock hours; or

(ii) Has completed the required credit hours for which he or she has been paid a PAS, if the student is enrolled in an eligible program that is measured in credit hours and that does not have academic terms.

(b) If an eligible student submits a valid SAR to the institution or the institution receives a valid ISIR for that student and that student then becomes ineligible before receiving a payment, the institution may pay the student

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only the amount that it determines could have been used for educational purposes before the student became ineligible.

(c) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress but reverses that determination before the end of the payment period, the institution may pay a PAS to the student for the entire payment period.

(d) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress but reverses that determination after the end of the payment period, the institution may neither pay the student a PAS for that payment period nor make adjustments in subsequent PAS payments to compensate for the loss of aid for that period.

(e) A member of a religious order, community, society, agency, or organization who is pursuing a course of study in an institution of higher education is considered to have an expected family contribution of at least \$3,000 if that religious order--

(1) Has as a primary objective the promotion of ideals and beliefs regarding a Supreme Being; and

(2) Provides subsistence support to its members or has directed the member to pursue the course of study.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.76 Frequency of payment.

(a) In each payment period, an institution may pay a student at such times and in such installments as it determines will best meet the student's needs.

(b) The institution may pay funds in one lump sum for all the prior payment periods for which the student was an eligible student within the award year. The student's enrollment status must be determined according to work already completed.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.77 [Reserved]

Sec. 691.78 Method of disbursement by check or credit to a student's account.

(a)(1) The institution may pay a student directly by check or by crediting his or her institutional account.

(2) Unless a student has agreed otherwise, the amount an institution may credit to a student's account may not exceed the amount the student is required to pay the institution for--

(i) Tuition and fees;

(ii) Board, if the student contracts with the institution for board; and

(iii) Housing, if the student contracts with the institution for housing.

(3) An institution may not require a student to grant permission to credit his or her account for the costs of other goods and services the institution provides to the student.

(4) The institution shall notify the student of the amount he or she can expect to receive and how that amount will be paid.

(b)(1) The institution may not make a payment to a student for a payment period until the student is registered for classes for that period.

(2) The earliest an institution may directly pay a registered student is 10 days before the first day of classes of a payment period.

(3) The earliest an institution may credit a registered student's account is 3 weeks before the first day of classes of a payment period.

(c) The institution shall return to the Secretary any funds paid to a student who, before the first day of classes--

(1) Officially or unofficially withdraws; or

(2) Is expelled.

(d)(1) If an institution intends to pay a student directly, it shall notify him or her before the payment is made when it will pay the PAS award.

(2) If a student does not pick up the check on time, the institution shall still pay the student if he or she requests payment within 15 days after the last date that his or her enrollment ends in that award year.

(3) If the student has not picked up his or her payment at the end of the 15-day period, the institution may credit the student's account only for any outstanding charges for tuition and fees and room and board for the award year incurred by the student while he or she was eligible.

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(4) A student forfeits the rights to receive the payment if he or she does not pick up a payment by the end of the 15 day period.

(5) Notwithstanding paragraph (d)(4) of this section, the institution may, if it chooses, pay a student who did not pick up his or her payment, through the next payment period.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.79 Recovery of overpayments.

(a)(1) A student is liable for any PAS overpayment made to him or her.

(2) The institution is liable for any overpayment if the overpayment occurred because the institution failed to follow the procedures set forth in this part. The institution shall restore those funds to the Secretary even if it cannot collect the overpayment from the student.

(b) If an institution makes an overpayment for which it is not liable, it shall help the Secretary recover the overpayment by--

(1) Making a reasonable effort to contact the student and recover the overpayment; and

(2) If unsuccessful, providing the Secretary with the student's name, social security number, amount of overpayment, and other relevant information.

(c) If an institution refers a student who received an overpayment for which it is not liable to the Secretary for recovery, the student remains ineligible for further title IV, HEA program assistance for attendance at any institution until the student repays the overpayment or the Secretary determines the overpayment has been resolved.

(Authority: 20 U.S.C. 1070a-32)

(Approved by the Office of Management and Budget under control number 1840-0681)

Sec. 691.80 Recalculation of a PAS Program award.

(a) The institution shall recalculate a PAS award for the entire award year if the student's Federal Pell Grant changes at any time during the award year for any reason specified in Sec. 690.80, including changes in enrollment status, EFC, or cost of attendance.

(b) The institution shall adjust the student's award when an overaward or underaward is caused by the change in the Federal Pell Grant award. That adjustment must be made--

(1) Within the same award year--if possible--to correct any overpayment or underpayment; or

(2) During the next award year to correct any overpayment that could not be adjusted during the year in which the student was overpaid.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.81 Fiscal control and fund accounting procedures.

(a)(1) An institution shall establish and maintain on a current basis financial records that reflect all program transactions. The institution shall establish and maintain general ledger control accounts and related subsidiary accounts that identify each program transaction and separate those transactions from all other institutional financial activity.

(2) The institution shall account for the receipt and expenditure of PAS funds in accordance with generally accepted accounting principles.

(b) A separate bank account for PAS funds is not required. However, the institution shall notify any bank in which it deposits PAS funds of all accounts in that bank in which it deposits Federal funds.

(c) Except for funds received for administrative expenses, funds received by an institution under this part may be used only to pay PAS funds to students. The funds are held in trust by the institution for the intended student beneficiaries and may not be used or hypothecated for any other purpose.

(Authority: 20 U.S.C. 1070a-32)

Sec. 691.82 Maintenance and retention of records.

(a) Each institution shall maintain adequate records (including those related to verification) that include the fiscal and accounting records that are required under Sec. 691.81, records required for audits in 34 CFR 668.23, the SAR or ISIR of each student receiving a PAS, and records indicating--

(1) The eligibility for a PAS of all enrolled students who have submitted valid SARs or valid ISIRs to the institution;

(2) The name and social security number of and the amount of the PAS award paid to each student;

(3) The amount and date of each payment;

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(4) The amount and date of any overpayment that has been restored to the program account;

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grants, the institution may receive payment or a reduction in accountability for those grants in accordance with paragraph (e) of this section.

(2) The institution must demonstrate that it qualifies for a credit or payment by means of a finding contained in an audit report as initially submitted to the Department that was conducted after December 31, 1988 and timely submitted in accordance with 34 CFR 668.23(c), with respect to grants made during the period of that audit.

(3) In determining whether the institution qualifies for a payment or reduction in accountability, the Secretary takes into account any liabilities of the institution arising from that audit or any other source. The Secretary collects those liabilities by offset in accordance with 34 CFR part 30.

(Authority: 20 U.S.C. 1070a-32, 1094, 1226a-1)

Subpart H--Administrative Responsibilities of a State

Sec. 691.90 Early-intervention agreement.

For a student to receive a PAS, the State agency in the State in which the student resides shall have entered into a one-time written agreement with the Secretary, except that a State must submit a subsequent agreement if the Secretary subsequently requires changes in this initial agreement. Each State's agreement must be approved by the Secretary and must include provisions designed to ensure the following:

(a) All secondary school students in the State have equal and easy access to the coursework described in Sec. 691.16(c) and 406C(a)(2) of the HEA.

(b) The State agency has procedures in place to verify to the Secretary that--

(1) A student receiving a PAS has taken the coursework described in Sec. 691.16(c);

(2) The coursework described in Sec. 691.16 is of a college preparatory level; and

(3) The State requires all secondary schools in the State to issue a certificate to each eligible student certifying that the student has completed the necessary coursework to qualify for a PAS.

(c) The State agency has procedures in place to notify institutions of higher education of the availability of the PAS so that the institutions may award additional scholarships in concert with the PAS. The State agency has procedures to inform junior high school students

enrolled in public or private schools and their families about--

(1) The value of postsecondary education;

(2) The availability of student aid to meet college expenses; and

(3) The availability of a PAS for students from low - and moderate-income families who take academically demanding courses.

(Authority 20 U.S.C. 1070a-36)

(Approved by the Office of Management and Budget under control number 1840-0681)

Sec. 691.91 Records a State must maintain.

(a) The State agency shall maintain written procedures and records to support the information supplied in the early-intervention agreement in Sec. 691.90 and the Governor's certification of other eligible early intervention programs.

(b) The State agency shall maintain the written procedures and records required under this subpart for a period of five calendar years from the end of the award year to which the records relate.

(Authority: U.S.C. 1070a-36)

(Approved by the Office of Management and Budget under control number 1840-0681)